

## Investment Commentary

A solid if not spectacular month saw the Orchard A share class return 0.67% after a month which saw the share price oscillate both sides of unchanged.

With just a few days of the month to go, the performance was in excess of 2% for the month, but tough markets at the end of July saw this more modest return. It may surprise investors and indeed us, that fundamentals could change so quickly that we are seeing that significant move in just a couple of trading sessions. Of course, fundamentals didn't change that quickly but sentiment does and that is an important distinction.

Just as the President of the United States struggles with the differentiation between climate and weather, so many investors struggle to differentiate between sentiment and fundamentals. Fundamentals, like climate, are long term indicators which affect the overall trend of share prices, but sentiment, like the weather, changes rapidly and often surprises. Just as weather forecasters can struggle to tell you what the weather will be at 12.00 tomorrow but can confidently predict that the climate is changing, so, as investment managers, we have no idea what will happen in any given trading session but believe that we have much greater visibility on the long term trend for a particular stock and that view is based very firmly in the fundamentals of the firm in question.

Why are we making such a big thing about fundamentals? Simply because ultimately, the market will have good days and bad days, it will go up and down but the direction of travel is ultimately decided by the health of the underlying investments. Particularly in the lower volumes of the summer season, fundamentals can easily be ignored. We are in silly season when markets can easily be blown of course by the latest news.

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The solace we have is that our investment process is robust. It is more robust and tangible than it ever has been. Our investment process performs the role of a lighthouse; it doesn't dictate our direction of travel, but it does guide us, and help us from straying too close to the rocks.

## Fund Facts

### Launch Date

14 January 2003

### Lead Fund Manager

Richard Harwood  
MitonOptimal Jersey Ltd  
(since inception)

### Fund Structure

UCITS V

### Domicile

Dublin

### Currencies

GBP, USD, EUR, CHF

### Administrator

CACEIS Ireland Ltd

### Dividend Yield

Target 6%

### Dividend Policy

Distribution

### Dealing Days

Daily

### Fund AUM

£39.4m

### Min Subscription

50,000 for individuals,  
10,000 for platforms and  
designated bodies

